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INTERNATIONAL REGULATORY UPDATE: 30 March – 03 April 2026

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If you would like to know more about the subjects covered in this publication or our services, please contact:

International Regulatory Group Contacts

Marc Benzler +49 69 7199 3304

Caroline Dawson +44 207006 4355

Steven Gatti +1 202 912 5095

Rocky Mui +852 2826 3481

Lena Ng +65 6410 2215

Gareth Old +1 212 878 8539

International Regulatory Update Editor

Joachim Richter +44 (0)20 7006 2503

To email one of the above, please use firstname.lastname @cliffordchance.com

Clifford Chance LLP,
10 Upper Bank Street,
London, E14 5JJ, UK
www.cliffordchance.com

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Directive on common insolvency rules published in Official Journal

Directive (EU) 2026/799 harmonising certain aspects of insolvency law has been published in the Official Journal.

The directive covers several key areas of insolvency law. It aims to increase insolvency practitioners' access to asset tracing information, thus better facilitating asset recovery. It aligns national rules concerning creditors' committees and requires these to be set up in all Member States under certain circumstances, with the aim of strengthening creditors' positions in an insolvency scenario. Pre-pack proceedings, which facilitate quicker execution of sales after opening liquidation proceedings, will be available in all Member States. The directive also establishes minimum standards on transaction avoidance and harmonises rules on directors' duties in insolvency.

The directive will enter into force on 21 April 2026 and Member States must transpose it by 22 January 2029.

CRD6: EU Commission launches infringement procedures against 22 Member States

The EU Commission has started infringement procedures against the following Member States in connection with their failure to fully transpose the sixth Capital Requirements Directive (CRD6): Belgium, Bulgaria, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovakia, Finland and Sweden.

The deadline to transpose the Directive into national law was 10 January 2026. According to the Commission, the 22 Member States in question failed to communicate full transposition of the Directive to the Commission by that date. It has therefore decided to send letters of formal notice to the Member States concerned, which now have two months to respond, complete their transposition and notify their measures to the Commission. In the absence of a satisfactory response, the Commission may decide to issue a reasoned opinion.

CRR3: EBA publishes final draft amending RTS on material model changes

The European Banking Authority (EBA) has published its final report on draft amending regulatory technical standards (RTS) for assessing the materiality of extensions and changes to the Internal Ratings Based (IRB) approach.

The draft amendments are intended to clarify and enhance the conditions for the assessment by:

- aligning the existing RTS with changes introduced by the Capital Requirements Regulation (CRR3), such as by removing references to the IRB approach for equity exposures, and to the advanced measurement approach (AMA); and
- introducing a more pragmatic approach to assessing materiality in an effort to reduce the high volume of material model change applications. This includes a greater emphasis on the quantitative thresholds for categorising changes as material and limiting

qualitative triggers to changes that imply model redevelopments and re-estimations of risk parameters, or significant changes to banks' definitions of default.

The draft RTS will be submitted to the EU Commission for endorsement before being published in the Official Journal.

Eurosystem sets out strategy for future of European payments

The Eurosystem has published its payments strategy, outlining its vision for the evolution of Europe's payments amid technological change.

The payments strategy is intended to complement the Eurosystem's cash strategy and extends its retail payments strategy by covering wholesale, business-to-business and cross-border payments. It also takes into account the gradual adoption of new technologies such as tokenisation and distributed ledger technology.

The strategy has four main aims:

- to ensure the effectiveness of monetary policy, financial stability and the smooth functioning of payment systems by maintaining the role of central bank money as the anchor of a two-tier monetary system;
- to achieve strategic autonomy and increased resilience for European payments;
- to foster an integrated, competitive and innovative payments ecosystem; and
- to support the international role of the euro.

Motor finance: FCA confirms consumer redress scheme

The Financial Conduct Authority (FCA) has issued a policy statement (PS26/3) introducing an industry-wide compensation scheme covering regulated motor finance agreements taken out by consumers between 6 April 2007 and 1 November 2024 where commission was payable by the lender to the broker. This follows the FCA's October 2025 consultation (CP25/27).

The FCA has made several changes to the scheme in response to feedback from consumers, their representatives, firms, manufacturers and industry bodies. Amongst other things, the eligibility criteria have been tightened, average compensation increased for older agreements and a minimum 3% compensatory interest rate per annum added.

There will be a short implementation period so firms can prepare to operate the scheme. This will be up to:

- 30 June 2026 for loans taken out from 1 April 2014; and
- 31 August 2026 for those agreed earlier.

People who have already complained or complain before the end of the relevant implementation period will be compensated sooner. Lenders will have 3 months from the end of the implementation period to let complainants know whether they are owed compensation and how much. Lenders will only contact people who have not complained if they are likely to be owed money. They have 6 months from the end of the relevant implementation period to do so.

PRA and FCA consult on high loan to income lending

The Prudential Regulation Authority (PRA) and the FCA have launched a consultation (PRA CP6/26 / FCA CP26/12) on proposed amendments to the PRA's Rulebook and the FCA's general guidance concerning the loan to income (LTI) flow limit in mortgage lending.

This follows the Financial Policy Committee (FPC)'s July 2025 recommendation for the PRA and FCA to amend their implementation of its LTI flow limit to allow individual lenders to increase their share of high LTI lending while aiming to ensure the aggregate flow remains consistent with the 15% limit.

The PRA proposals apply to all PRA-authorised mortgage lenders and their subsidiaries, while the FCA proposals cover all FCA-authorised mortgage lenders not owned by PRA-authorised firms.

The consultation is part of a wider review of mortgage rules by the regulators.

Comments are due by 1 July 2026. The PRA is accepting responses on behalf of both the FCA and the PRA and both authorities will consider the responses received.

German Federal Ministry of Finance publishes ministerial draft laws to implement international tax reporting agreements

The German Federal Ministry of Finance (BMF) has published three ministerial draft laws, each designed to implement one of the following agreements:

- the Multilateral Competent Authority Agreement on automatic exchange of information pursuant to the Crypto-Asset Reporting Framework (CARF MCAA);
- the Multilateral Competent Authority Agreement on automatic exchange of financial account information (CRS MCAA); and
- the Multilateral Competent Authority Agreement on automatic exchange of information on income derived through digital platforms (DPI MCAA).

Against the backdrop of the growing use of modern payment and investment methods, as well as the increasing digitalisation of the economy, the Organisation for Economic Co-operation and Development (OECD) has developed several reporting standards: the Crypto-Asset Reporting Framework (CARF) for crypto-assets, the updated Common Reporting Standard (CRS) for financial accounts, and the Model Rules for Reporting by Platform Operators (MRDP) for digital platforms. These measures are intended to combat tax evasion, enhance transparency, and protect tax revenues. On 26 November 2024, the German Federal Government signed the relevant MCAAs to facilitate the automatic exchange of tax-relevant information with third countries in accordance with these standards.

The respective ministerial draft laws are intended to obtain the necessary approval from the legislative bodies for the transmission of the required notifications to the OECD.

BaFin issues supervisory notice on CJEU ruling's impact on attribution of voting rights under section 34 WpHG and 33 WpÜG

The German Federal Financial Supervisory Authority (BaFin) issued a supervisory notice on its future administrative practice for interpreting sections 34(1) and (2) of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG) following the Court of Justice of the European Union's (CJEU) judgment of 12 February 2026 (C-864/24).

In that judgment, the CJEU held that section 34(2) WpHG on acting in concert (AiC) is incompatible with EU law insofar as it exceeds the wording of the Transparency Directive (Directive 2004/109/EC). The ruling affects not only AiC attribution but also other attribution provisions under section 34 WpHG where these extend voting rights notification obligations beyond the Transparency Directive.

Accordingly, BaFin will now interpret and apply section 34(2) WpHG in line with Article 10(a) of the Transparency Directive, limiting voting rights attribution to cases where coordination on the exercise of voting rights is based on an agreement that obliges both parties, on a long-term basis, to pursue a common policy regarding the management of the relevant issuer.

BaFin will also cease applying the attribution rules in section 34(1) sentence 1 nos. 3 and 5 WpHG, as these are not provided for by the Directive. Accordingly, the administrative practice set out in BaFin's issuer guidelines and FAQs regarding the transparency obligations under sections 33 onwards. WpHG will likewise no longer apply.

By contrast, BaFin will continue to apply the attribution provisions of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz - WpÜG) unchanged, as it considers them compatible with EU law.

The supervisory notice takes immediate effect and will apply until sections 34(1) and (2) WpHG are amended to comply with EU law.

BaFin publishes new AML/CFT circular on high-risk third countries

BaFin has published Circular 03/2026 (GW) on third-country jurisdictions which have strategic deficiencies in their regimes for anti-money-laundering and countering the financing of terrorism (AML/CFT) that pose significant threats to the financial system (high-risk third countries).

The circular is relevant for all addressees of the German Money Laundering Act (Geldwäschegesetz – GWG) supervised by BaFin. It replaces the previous circular on this topic.

Circular 03/2026 (GW) reflects:

- Delegated Regulation (EU) 2016/1675 of 14 July 2016 (as amended from time to time) which identifies high-risk third countries with strategic deficiencies;
- the Financial Action Task Force (FATF) statement of 13 February 2026 on 'High-Risk Jurisdictions subject to a Call for Action'; and
- the FATF report of 13 February 2026 on 'Jurisdictions under Increased Monitoring'.

The circular outlines the measures to be taken and the due diligence requirements to be met under the GWG in relation to high-risk countries.

BaFin consults on 9th amendment of MaRisk

BaFin has published a draft circular, the 9th amendment of its Circular on the Minimum Requirements for Risk Management (MaRisk), for consultation.

The draft circular amends MaRisk significantly. The 9th amendment marks a shift towards principles-based supervision, reduces complexity and offers institutions more flexibility through expanded and clarified proportionality clauses, particularly for small and very small institutions.

The draft distinguishes between very small institutions (with total assets (Bilanzsumme) up to EUR 1 billion), small institutions (Small and Non-Complex Institutions – SNCIs), and other less significant institutions (Less Significant Institutions – LSIs). Most previous admissibility requirements for applying proportionality clauses will be removed.

Significant Institutions – SIs (supervised by ECB) will be removed from the scope of MaRisk.

The 9th amendment also incorporates the new European Banking Authority (EBA) guidelines on environmental scenario analysis and considers the provisions in the consultation paper on the draft revised guidelines on internal governance.

Comments may be submitted to BaFin or the Bundesbank by 8 May 2026.

HKMA shares feedback on liquidity and funding in resolution implementation

The Hong Kong Monetary Authority (HKMA) has issued a circular to share its observations and feedback on the implementation on the Code of Practice chapter LFIR – 1 'Resolution Planning – Liquidity and Funding in Resolution'.

In 2025 the HKMA Resolution Office conducted a test of authorised institutions' (AIs) abilities to develop fast-moving liquidity-driven resolution scenario analysis and report key LFIR-related information. A targeted survey was also carried out on AIs' borrowing capacity and preparatory work to access central bank facilities in a crisis or resolution scenario. Whilst AIs have reported good progress in enhancing operational readiness for accessing central bank facilities, the HKMA has observed that further work is required in the following areas:

- projection horizon – to extend liquidity projections beyond the initial resolution stabilisation period to longer time horizons;
- deposit run-off assumptions – to strengthen deposit run-off assumptions to better reflect modern run dynamics and observed deposit behaviour following entry into resolution, drawing from recent overseas experience;
- financial impact modelling – to enhance financial impacts modelling to estimate contingent items and resolution related costs, as well as potential benefits of the liquidity options involving less liquid assets;
- data granularity and readiness – to enable timely production LFIR projections and collateral information at the required level of detail;
- reporting and visualisation – to summarise and present key LFIR information effectively to support decision-making; and

- collateral reporting and mobilisation – to further enhance operational readiness considering the legal and operational requirements.

SFC to launch uncertificated securities market regime in November 2026

The Securities and Futures Commission (SFC) has announced that it expects the uncertificated securities market (USM) regime to be launched on 16 November 2026. The USM initiative is intended to provide an efficient means for investors to hold and manage securities in their own names and electronically.

The SFC has indicated that the major workstreams for implementing the USM regime are now at advanced stages following steady progress over the past year. The key developments include the following:

- the Hong Kong Exchanges and Clearing Limited (HKEX) and relevant share registrars are at an advanced stage of developing and testing their USM-related systems and processes. Market participants will be invited to participate in testing in the coming months;
- the SFC has reviewed and approved amendments to relevant HKEX rules and operational procedures necessary for implementing the USM regime. Following this, the HKEX has published amendments to its listing rules to facilitate: (a) the implementation of the USM regime; (b) the establishment of the HKEX Issuer Access Platform; (c) and housekeeping rule amendments; and
- the HKEX and the Federation of Share Registrars Limited (FSR) have also updated and published their respective information papers on USM to include key fee changes under the new regime.

A commencement notice will be tabled before the Legislative Council in the second quarter of 2026 to bring the USM legislation into effect. Upon implementation of the USM regime, newly listed securities will be required to be issued in paperless form from the time of listing. For securities already listed prior to the launch date, issuers will be gradually integrated into the USM regime over a five-year period.

The SFC encourages intermediaries to continue working closely with the HKEX in preparing for USM. Given that the existing nominee structure in the Central Clearing and Settlement System (CCASS) will be retained, only limited changes will be made to CCASS processes, most notably the processes for depositing securities into, and withdrawing them out of, CCASS. Intermediaries are advised to progress their preparation work as quickly as possible to ensure they are ready when the new regime takes effect in November 2026.

The SFC has updated its set of frequently asked questions about USM. The SFC notes that it will continue to update its dedicated USM webpage to keep the market informed of the latest developments.

MAS consults on proposed regulatory framework for central securities depositories

The Monetary Authority of Singapore (MAS) has launched a consultation outlining proposals to update and enhance the regulatory regime for central securities depositories (CSDs).

Part 3AA of the Securities and Futures Act 2001 (SFA) provides for the operation of a scripless system for the holding and transfer of securities, and at present the Central Depository Ptd Ltd is the only CSD operating in Singapore. MAS is seeking feedback on several proposals that would align the regulatory regime for CSDs with those governing other systematically-important financial market structures (e.g., central counterparties (CCPs) and securities settlement systems (SSSs).

In particular, MAS is proposing:

- to amend the existing provisions in Part 3AA to extend their applicability to all approved CSDs (i.e., locally incorporated CSDs approved by MAS) and their systems and operations;
- a two-tier regulatory regime for CSDs: (i) an approval regime where locally incorporated CSDs would be regulated under an approval regime similar to that applicable to locally incorporated operators of clearing facilities performing the role of a CCP or SSS, which are regulated as approved clearing houses under the SFA; and (ii) a recognition regime where foreign-incorporated CSDs would be regulated under a similar recognition regime as that applicable to foreign-incorporated operators of clearing facilities performing the role of a CCP or SSS, which are regulated as recognised clearing houses under the SFA;
- requirements that a CSD seeking approval or recognition demonstrate that it is able to comply with, and does comply with once approved, any applicable ongoing regulatory obligations; and
- additional legislative safeguards for CSDs, including: (i) a statutory trust over monies paid to or deposited with approved CSDs for the performance of duties such as administering corporate actions; and (ii) obligations to: (a) maintain confidentiality of depository information; (b) establish robust reconciliation procedures to ensure accuracy of records; (c) put in place robust controls to detect and deter money laundering and terrorism financing; and (d) notify MAS if the CSD approved detects any instances of compromise to the integrity of securities issues, and to submit a detailed incident report on the cause and remediation of the incident.

MAS has indicated that it will consult separately on the specific legislative amendments after finalising the proposals set out in this consultation.

Comments on the consultation are due by 20 April 2026.

MAS consults on notice and guidelines for recovery and resolution planning and enhancement of resolution powers for capital market infrastructures

The MAS has launched a consultation on proposed requirements relating to recovery and resolution planning for Approved Clearing Houses, Licensed Trade Repositories, and the Depository (collectively referred to as 'financial market infrastructures in capital markets' or 'CMFMIs'). The proposed requirements will be implemented through a new MAS notice and accompanying guidelines, which are intended to expand on the current recovery and resolution planning requirements by providing further elaboration and clarification on the MAS' requirements and expectations.

The proposed notice and guidelines will be issued under the Financial Services and Markets Act 2022 (FSMA) and will replace existing recovery

and resolution requirements set out under the various Securities and Futures Act 2001 (SFA) legislative instruments. To implement these notice and guidelines, the MAS intends to issue directions under the FSMA to all existing CMFMIs and to certain approved holding companies (collectively referred to as 'notified CMFMIs').

The consultation also seeks views on the proposed introduction of statutory bail-in powers applicable to the CMFMI sector.

In particular, the MAS is seeking comments on several key aspects, including the proposed:

- content of the recovery plan (RCP), assessment of recovery tools and governance arrangements for recovery planning;
- content of the orderly wind-down plan (OWP) and governance arrangements for orderly wind-down planning;
- requirements for the maintenance and submission of information, and notification of material business or structural changes for resolution planning purposes;
- notification requirements for CMFMIs, including: (a) immediate notification to the MAS if their viability is, or is potentially, threatened, or upon the occurrence of any event that may necessitate implementation of their RCP or OWP; and (b) notification of the appointment of an executive officer responsible for overseeing the recovery and resolution planning process; and
- establishment of contingency arrangements and outsourcing measures for operational continuity in crisis situations and in resolution.

To provide notified CMFMIs with adequate time to prepare and update their existing recovery and resolution plans (RRPs), the MAS proposes a six-month transition period for compliance with the requirements set out in the new notice and guidelines, commencing from the date of publication of the finalised notice and guidelines. The existing requirements to maintain an RRP under the various SFA legislative instruments will be removed accordingly.

Comments on the consultation are due by 24 April 2026.

Contributed by Clifford Chance Asia, a Formal Law Alliance in Singapore between Clifford Chance Pte Ltd and Cavenagh Law LLP.

MAS partners with industry to develop AI risk management toolkit for financial sector

The MAS has announced the successful conclusion of phase two of Project MindForge, which has resulted in the publication of an artificial intelligence (AI) risk management toolkit for the financial services sector.

The toolkit is designed to equip financial institutions (FIs) with resources to manage AI-related risks across traditional AI, generative AI, and emerging agentic AI technologies. It features an AI Risk Management Operationalisation Handbook, which provides detailed and practical guidance on implementing AI risk management frameworks. The handbook is accompanied by a supplementary compilation of AI case studies documenting the experiences and lessons learned from FIs. These case studies offer insights into the challenges, approaches and risk management practices when using AI in different organisational contexts.

The MAS is currently reviewing feedback received from its November 2025 public consultation on proposed guidelines on AI risk management for FIs. The operationalisation handbook is structured into the following four sections, aligned with the MAS' proposed guidelines:

- scope and oversight – establishment of AI governance framework, with clear roles and responsibilities for AI oversight;
- AI risk management – identification of AI usage, risk materiality assessment, and AI inventorisation through organisational systems, policies and procedures;
- AI lifecycle management – implementation of controls covering the entire lifecycle of AI use; and
- enablers – development of organisational capabilities, infrastructure, and resources to enable ongoing responsible AI use and risk management.

The MAS has indicated that the operationalisation handbook will be updated periodically to reflect the evolving use of AI within the financial industry and its supervisory expectations. To facilitate broader industry adoption of AI risk management practices and solutions, the MAS will establish an AI risk management workgroup comprising MindForge consortium members and other industry practitioners under the BuildFin.ai initiative to develop implementation resources, facilitate knowledge sharing, and build capabilities and frameworks for managing risks from newer AI technologies such as agentic AI.

Recent Clifford Chance briefings

EU Directive Harmonising Certain Aspects of Insolvency Law – adopted by the Council

The EU Directive harmonising certain aspects of insolvency law was adopted by the Council on 30 March.

The Directive marks a significant milestone in the EU's long-running efforts to reduce fragmentation across national insolvency regimes. The Directive, part of the EU's Capital Markets Union agenda, introduces targeted minimum harmonisation in a number of core areas of substantive insolvency law, with the objective of improving legal certainty, predictability and recoveries for creditors and investors operating on a cross-border basis.

This briefing paper discusses the Directive.

https://www.cliffordchance.com/briefings/2026/03/eu-directive-harmonising-certain-aspects-of-insolvency-law--adop.html